

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-02 COME-00 DODE-00 FEA-02 FPC-01 H-03 INR-10

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

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FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 3526

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E.O. 11652: N/A

TAGS: ENRG, VE

SUBJECT: OIL PRICES, PROFITS, AND ROYALTY OIL

1. NEWS OF EXTREMELY HIGH PROFITS EARNED BY INTERNATIONAL PETROLEUM COMPANIES IN FIRST QUARTER OF YEAR IS FEATURED PROMINENTLY IN VENEZUELAN PRESS. LARGEST OIL COMPANY IN VENEZUELA (CREOLE PETROLEUM CORPORATION) IN ITS 1973 ANNUAL REPORT HAS ALSO REPORTED VERY LARGE INCREASE IN INCOME. CREOLE'S NET INCOME FOR 1973 TOTALED \$218 MILLION (\$2.81 PER SHARE) AS COMPARED TO \$109 MILLION (\$1.41 PER SHARE) IN 1972.

2. IN RESPONSE TO HIGH OIL COMPANY PROFITS MINISTRY OF MINES AND HYDROCARBONS HAS TOLD PRESS THAT IT IS STUDYING A PROPOSAL TO INCREASE FISCAL PARTICIPATION. THIS COULD BE DONE, MINISTRY REPORTEDLY SAYS, EITHER BY VENEZUELA OR BY OPEC COUNTRIES ACTING AS A GROUP.

3. MEANWHILE, STATE OIL COMPANY (CVP) CONTINUES TO ISSUE EXPLANATIONS FOR ITS FAILURE TO TAKE ANY OF 100,000 B/D ROYALTY OIL IT WAS TO HAVE BEGUN RECEIVING ON APRIL 8. CVP SAYS THAT, WHILE

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IT CAN BEGIN TAKING ROYALTY OIL AT ANYTIME, IT WOULD NOT DO SO IF

ITS SALES WOULD CONTRIBUTE TO WEAKENING PRICES IN WORLD MARKETS.
CVP ALSO SAYS THAT IT WILL NOT SELL ROYALTY OIL THROUGH
INTERMEDIARIES.
MCCLINTOCK

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